

Win *your* customers by winning *theirs*

**How building brand equity with end-consumers can
give B2B businesses an edge over the competition**

Will Defiel
Capstone Project
Professional M.A. Strategic Communication
University of Minnesota – Twin Cities
07/29/2014



UNIVERSITY OF MINNESOTA

Author's Note

This capstone study represents an accumulation of the lessons that I have learned over the past two years in the Strategic Communications M.A. program at the University of Minnesota. However, my journey to this project began a long time before I ever set foot in Murphy Hall.

My first lessons in communication came to me from my father. As a young, skinny, and (very) awkward boy, my dad used to stand me up in front of older girls and say, “Will, introduce yourself.” While it always gave him a good laugh, my dad also knew that good leaders need to be good communicators, and good communicators cannot be shy or timid in front of their audiences. This was the first of many valuable “lessons” that my dad would impart on me the importance of communication in business.

A few years and many embarrassing lessons later, I found myself studying Marketing and International Business at the Carlson School of Management. Not only did I learn the value of marketing as a business function, but also the impact that it can have on a company’s bottom line. What I did not learn, however, was how to create and present a strategic message to a target audience – enter the Strategic Communication master’s program.

Over the past two years, I have learned how to analyze an audience, and deliver a targeted message that will inspire desired action – skills that are not only valuable in advertising and public relations, but can be applied to all business functions.

I chose this topic of B2C communication in B2B business because it gave me the opportunity to research and apply the effectiveness of strategic communication within the B2B environment in which I work.

Acknowledgements:

First, thank you to Prof. John Eighmey for lending me your copy of *Ogilvy On Advertising* after my first information session. Your passion for advertising is what inspired me to apply for the M.A. in Strategic Communication program.

Secondly, special thanks to Steve Wehrenberg, Prof. David Therkelsen, and rest of the SJMC staff. The knowledge that I have garnered from your teachings will continue to help me grow as a strategic communicator for the rest of my career.

Thirdly, thank you to Steve Bullert, Joel Kleinfeld, Chris Schermer, and all of my focus group and survey participants – I literally would not have been able to complete this project without you.

Finally, thank you to my parents, Bill and Jodi Defiel, for instilling in me a passion for communication and a drive for learning. I am looking forward to many more “lessons” as I move on to the next chapter of my life and career.

Table of Contents

Author's Note	2
Acknowledgments	2
Executive Summary	5
Introduction	6
Literature Review	7
Section I: Current Trends in B2B Marketing	8
Trend 1: Increasing Marketing Spend	8
Trend 2: Content Marketing	9
Trend 3: CRM	11
Section II: Rational vs. Emotional Decision-making	12
Section III: Social Norms & Cognitive Balance	13
Research Hypotheses	16
Hypothesis 1	16
Hypothesis 2	16
Focus Groups	17
Section I: Methodology	17
Section II: Key Findings	17
Section III: Overview	18
Surveys	19
Section I: Methodology	20
Section II: Key Findings	20
Section III: Overview	22
Interviews/Additional Research	24
Section I: Methodology	25
Section II: Key Findings	25
Steve Bullert	25
Joel Kleinfeld	25
Siegel+Gale Study	25
Section III: Overview	26
Steve Bullert	26
Joel Kleinfeld	27
Siegel+Gale Study	28
Discussion	29
Section I: Interpretation of Findings	29
Key Takeaways	29
Hypothesis 1: Findings	30
Hypothesis 2: Findings	30
Section II: Limitations	31

Section III: Future Research	32
Conclusion & Recommendations	32
Recommendation 1: Win <i>your</i> customers by winning <i>theirs</i>	33
Recommendation 2: Get them with killer content	33
Recommendation 3: Invest for the long run	34
References	36
Appendix A: Literature Review Background & Methodology	37
Exhibit 1: The CMO Survey Methodology	37
Exhibit 2: Content Marketing Institute Methodology	37
Appendix B: Appendix B: Focus Group Discussion Notes	38
Exhibit 3: Focus Group 1 Discussion Notes	38
Exhibit 4: Focus Group 2 Discussion Notes	40
Appendix C: Survey PDF's & Results	43
Exhibit 5: Survey 1 PDF	43
Exhibit 6: Survey 2 PDF	46
Exhibit 7: Survey Results	47
Appendix D: Interview Transcripts	48
Exhibit 8: Bullert Interview, 2014	48
Exhibit 9: Kleinfeld Interview, 2014	50
Exhibit 10: Siegel+Gale Study; recommended by Chris Schermer	51

Executive Summary

Background:

Never before have business-to-business (B2B) companies had the resources or ability to emotionally connect with consumers as they do today. The Internet has opened the door for two-way conversation to take place between brands and consumers, enabling B2B firms to build positive brand awareness through business-to-consumer (B2C) communication.

There are many B2B businesses, both large and small, that actively participate in B2C communication, but there are also some who still refrain. This research analysis seeks to discover the benefits and value that B2C communication can provide to B2B companies.

Literature Review:

The literature review was broken into three parts: 1) Current trends in B2B marketing, 2) Rational vs. emotional decision-making, and 3) The effects of social norms and cognitive dissonance on the sales process. Findings show that marketing budgets are up, and that emotions and brand awareness can be leveraged to increase B2B sales.

Research Hypotheses:

1. The researcher hypothesizes that B2C communication will have a direct, positive effects on the end-consumer perceptions of B2B brands.
2. The researcher hypothesizes that investment in B2C communication will provide a measurable, positive return to B2B businesses.

Research – Key Takeaways:

Focus Groups:

- Proactive PR via B2C communication can help insulate the company against future missteps, recruit better talent, and command investor confidence.
- Favor emotional connection with brand over product benefits

Surveys:

- After one week, follow-up results found 40% of respondents were able to recall information from Ecolab's mission page, and that Ecolab's brand approval retained a 28.1% increase from pre-communication approvals

Interviews/Additional Research:

- The more recognition you have, the easier it will be to keep yourself toward the top of your industry
- B2B decision-makers are 10% more likely to consider brands that consumers know and feel connected to (Siegel+Gale, 2014, p. 5)

Research Findings:

1. The focus groups and survey results **support Hypothesis 1**; that B2C communication will have a direct, positive effect on the end-consumer's perception of B2B brands.
2. The results from the Siegel+Gale global study provide direct, measurable benefits for B2B firms that invest in end-consumer communication, **supporting Hypothesis 2**.

Introduction

It was a cold February evening when Will Defiel was sitting in his Strategic Marketing class at the Carlson School of Management, preparing to hear a guest lecture on business-to-business (B2B) marketing. Defiel, a Strategic Communication master's student at the University of Minnesota, was taking an elective course through the MBA program to learn more about corporate-level marketing. That evening's guest lecturer featured a senior executive at Ecolab, who outlined Ecolab's approach to B2B marketing and highlighted the company's intentional lack of business-to-consumer (B2C) communication (Mueller, 2014). Ecolab's executive argued that B2C companies rely heavily on creating emotional connections with consumers to make sales, while B2B purchases are made rationally and brand perceptions do not play a large role in the decision-making process. As a result, Ecolab does not participate in any form of paid end-consumer communication and the company has little to no presence in the realm of social media, but is this the right move on Ecolab's part, or should the company be building brand affinity with end-consumers?

B2B Sales – Purely Rational Decisions?

In the world of B2B sales, every company is trying to cut costs and maximize their return on investment (ROI), so it would make sense that rationality would play a larger role in the decision-making process. But are B2B purchases *purely* rational decisions? In order to properly evaluate Ecolab's decision to refrain from B2C communication, it is important to discover the extent to which B2B sales are made solely based on rational decisions, but what constitutes a rational decision versus an emotional one? Rational decisions are made by systematically analyzing objective data such as price, features and quality, and selecting the option that best fits the purchaser's budget and goals. Emotional decisions, however, take into account the

purchaser's personal perceptions of the brand, including the relationships that have been formed from previous interactions with a company or brand.¹ For example, if a buyer were presented with two comparable products, then rationale would dictate that the lower-priced vendor would win the business; but is this always the case? When challenged on this notion, Ecolab's executive stated that the company was often the most expensive option on the market, but it was the Ecolab *brand* that allowed the company to command a higher price. The executive went on to describe multiple Ecolab customers who decided to renew their contracts with Ecolab based on previous positive experiences with the company, as well as the perceived value that the brand provides to new customers.

It would appear that rational motivators alone do not decide B2B sales after all. Many B2B companies, such as Andersen Windows, Intel, Cargill and IBM, utilize B2C communication as a means to build positive brand awareness, so why wouldn't Ecolab? As the Ecolab executive clicked through the presentation slides, Will Defiel had many questions racing through his mind. Why do some B2B companies invest in end-consumer communication, while others do not? How much do emotions and social norms influence the decision-making process at the B2B level? Where, and to what extent, can B2C communication provide value to B2B companies? These are all questions that this study seeks to answer.

Literature Review

The first step towards understanding the benefits and value of B2B companies participating in B2C communication is to research the prevailing literature on the subject. This literature review investigates the current trends in B2B marketing, existing research on the value

¹ For the purposes of this study, the author argues that prior interactions with a product or brand are emotional factors due to the effect that the personal opinions and relationships formed from those previous experiences have on future purchasing decisions.

of emotional bonds at the corporate level, and research on the communications theories behind the social norms influencing buyer behavior.

Section I: Current Trends in B2B Marketing

In order to gain a full perspective on the current state of B2B marketing, it is important to identify current trends in B2B marketing from both financial and content perspectives. **The CMO Survey** and **Content Marketing Institute** have each conducted national surveys with a combined total sample of 1,625 North American marketing professionals (The CMO Survey, 2014, p. 3; Content Marketing Institute, 2013, p. 22).² Their findings, along with two studies on the effectiveness of customer relationship management (CRM), have identified three trends in terms of current marketing spend and communication content.

Trend 1: Increasing Marketing Spend

According to The CMO Survey's February 2014 findings, which tallied results from 359 U.S.-based executives, marketing budgets are on the rebound. On average, B2B marketers are **41.5% more optimistic** of economic growth in the US as compared to 2009, and are projecting an industry-wide **6.7% budget growth** from 2013 (The CMO Survey, 2014, p. 8; 18). Marketers have also reported an average 2014 marketing budget equal to **10.9% of the total firm budget**, up from 8.1% in 2011 (The CMO Survey, 2014, p. 23). In order to gain an accurate perspective of the size of these budgets and where they are being spent, The CMO Survey segregates these budgets by B2B and B2C sectors. *Table 1a* breaks down the percentage of firms' total budget dedicated to marketing functions, while *Table 1b* shows average marketing spend as a

² For more information on the background and methodology of The CMO Survey and Content Marketing Institute's national surveys, please see **Appendix A**.

percentage of total firm revenues.³ It is no surprise that B2C companies spend a higher percentage of budget and revenues on marketing when compared to B2B firms in the same industry, but what *is* interesting are the survey's findings of firm performance. *Table 2* shows that over the last twelve months, B2B businesses have experienced similar or higher growth to

Table 1a: Percentage of total firm budget dedicated to marketing, by economic sector

	B2B Products	B2B Services	B2C Products	B2C Services
February 2014	10.4%	8.7%	14.9%	11.4%

Source: The CMO Survey, February 2014, Table 3.3a

Table 1b: Marketing spending as a percentage of firm revenues, by economic sector

	B2B Products	B2B Services	B2C Products	B2C Services
February 2014	8.1%	5.8%	15.2%	11.0%

Source: The CMO Survey, February 2014, Table 3.4a

firms in the same industry. This growth shows that B2B marketers, despite having smaller marketing budgets, are getting as much or more out of their investment than their B2C counterparts. However, growth in brand value (as perceived by the CMO's surveyed) is still dominated by the B2C sectors. This accelerated growth to B2C firms' perceived brand value

Table 2: Sector performance metrics (past 12 months)

	B2B Products	B2B Services	B2C Products	B2C Services
Firm sales	+3.6%	+5.1%	+3.6%	+2.7%
Marketing ROI	+3.6%	+3.2%	+3.1%	+4.5%
Firm profits	+2.2%	+3.4%	+3.2%	+3.3%
Customer acquisition	+3.8%	+3.9%	+2.5%	+3.6%
Customer retention	+1.5%	+2.5%	+1.0%	+2.9%
Brand value	+2.8%	+3.7%	+3.5%	+5.4%

Source: The CMO Survey, February 2014, Table 4.1

could provide a set of best practices, and should be further investigated by the B2B sector. In all, with increased growth to company performance, and economic optimism the highest it has been over the last five years, The CMO Survey's findings suggest that firm spending is on the rise, and that marketing budgets will rise along with it.

Trend 2: Content Marketing

As The CMO Survey points out marketing budgets are increasing, but where are companies spending their money? Content Marketing Institute surveyed 1,217 North American

³ The CMO Survey did not specify whether market research and advertising were included in the total marketing spend, leaving it to the interpretation of the surveyed CMO's.

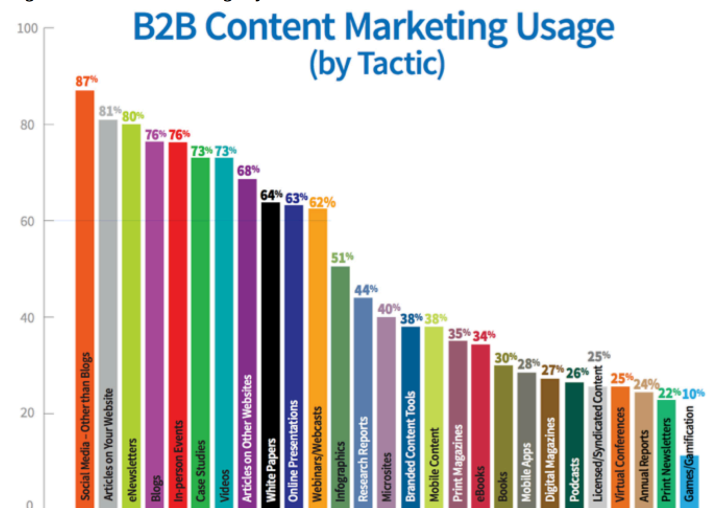
B2B marketers, and found that **93% participate in content marketing** (Content Marketing Institute, 2013, p. 3). But what exactly is content marketing? As defined by the Content Marketing Institute:

“Content marketing is a marketing technique of creating and distributing valuable, relevant and consistent content to attract and acquire a clearly defined audience—with the objective of driving profitable customer action.”

Source: Content Marketing Institute, 2007, p. 1

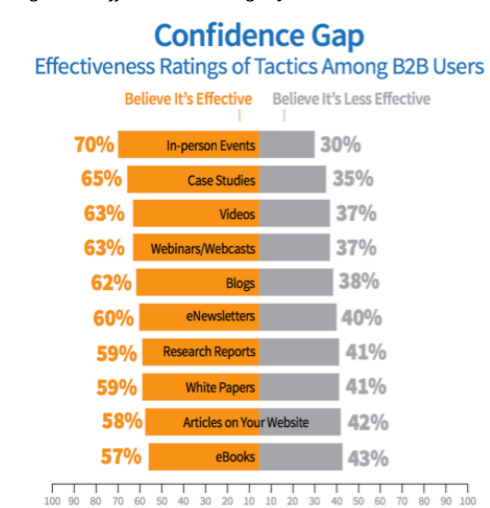
As consumers become increasingly tech-savvy, they also become more adept at subconsciously (or consciously) identifying and ignoring advertisements. Content marketing aims to attract and retain customers by breaking through their subconscious in an unobtrusive manner, consistently creating relevant and valuable content that the consumer will retain and pass on (Content Marketing Institute, 2007). So how are they broadcasting this content? Shown

Figure 1a: B2B content usage by tactic



Source: Content Marketing Institute, 2013, p. 9

Figure 1b: Effectiveness ratings by tactic



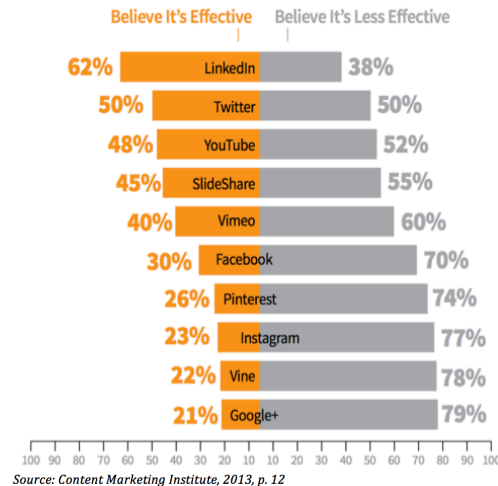
Source: Content Marketing Institute, 2013, p. 10

in Figure 1a, the survey found that the majority of B2B marketers use 12 tactics; the most common being social media, with website articles, eNewsletters, blogs and in-person events rounding out the top five. However, it is important to note that even though marketers are using these tactics, it does not mean that they consider them an effective tactic for reaching consumers. Figure 1b shows that **in-person events were rated the most effective** tactic for the fourth year in a row with a 70% confidence level (percentage of marketers confident that the

tactic is effective in reaching customers), while **social media did not even make the top ten**, with a confidence level below 50% (Content Marketing Institute, 2013, p. 10). In fact, the average number of social media platforms used is up to six (from five last year), but LinkedIn is

Figure 2: Effectiveness ratings of social media platforms

Confidence Gap Effectiveness Ratings of Social Media Platforms Among B2B Users



the only site that B2B marketers are confident in its effectiveness (Content Marketing Institute, 2013, p. 11).

As social media matures, B2B marketers may be able crack the code to consumer engagement, but until then, it seems that the majority of B2B marketers are still unsure of how to successfully employ the tactic. *Figure 2* displays the top ten social sites used, listed by confidence level.

Content Marketing Institute's survey provides insights into the current trends of B2B marketing with the biggest take away being that B2B companies *do*, in fact, spend money on marketing their content. The survey, however, does not cover the *type* of content being communicated.

Trend 3: CRM

In 2001, findings from an academic study by Anne Massey, Mitzi Montoya-Weiss and Kent Holcom (Indiana University, North Carolina State University and IBM Corporate Strategy, respectively) suggest that B2B companies should focus on using communication to create long-term relationships with their customers:

“Customer relationship management involves attracting, developing, and maintaining successful customer relationships over time. It is not enough to attract new customers. Too many companies suffer from high customer churn, or customer turnover. Acquiring new customers can cost five times more than satisfying and retaining current customers.”

Source: Massey, et al, 2001, p. 156

Taking the importance of CRM into consideration, IBM—a hardware company—decided to re-evaluate its strengths after its **market share dropped from 30% to 19%** over a six-year period ending in 1992, totaling US\$33 billion in lost revenues (Massey, et al, 2001, p. 158). By opening a two-way dialog with consumers, the company found that while its hardware goods were falling behind the competition, it could fill a unique need with its software and services solutions. International branding firm, Prophet, who conducted a similar case analysis on IBM, expanded on the change:

“In order to become a customer-centric company, IBM rearranged their offering to be more solutions-based... Additionally, they created the “e-business” brand, which helped to address customer needs, simplify purchase decisions and improve relevance for customers... As a result, IBM grew its services business significantly—from 29% to 41% in 5 years as part of global IBM revenues.”

Source: Prophet, 2014, p. 2

Taking a consumer-centric approach enabled IBM to identify its strengths and reposition the brand accordingly—a tactic that can help other B2B businesses build brand affinity.

Section II: Rational vs. Emotional Decision Making

Throughout the presentation on B2B marketing at Ecolab, the company’s executive stated that B2B transactions are based on rational decision-making alone, but then went on to comment that many customers’ emotional ties to the brand enabled Ecolab to command a higher price and drive repeat sales. Emotional connections play a large role in B2C sales, but do they affect the sales in the B2B world as well? Sam Nathan, Google’s Sales Development Manager for Business & Industrial Markets, teamed with CEB Senior Director, Karl Schmidt, to test the assumption that B2B purchasers make their decisions through a purely rational process. Working with marketing research firm, Motista, Nathan and Schmidt surveyed 3,000 purchasers of thirty-six B2B brands across multiple industries, producing some unexpected results:

*“Of the hundreds of B2C brands that Motista has studied, most have emotional connections with between 10% and 40% of consumers. Meanwhile, of the nine B2B brands we studied, seven surpassed the 50% mark. On average, the B2B customer is **significantly more emotionally connected** to their vendor and service provider than a consumer.”*

Source: Nathan, Schmidt, 2013, p. 2

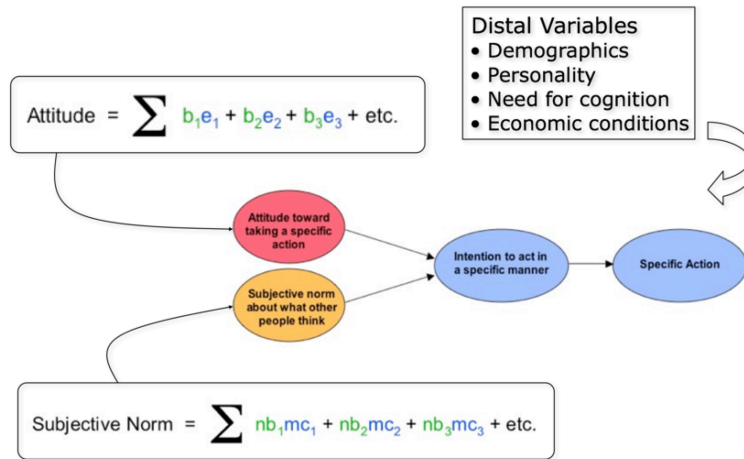
While at first these results seem surprising, Nathan and Schmidt go on to rationalize their findings by pointing out the **high-level of involvement** that business purchases command due to the huge amounts of risk that the buyer must assume. One example from Nathan and Schmidt was that of a business customer responsible for the acquisition of a multi-million dollar software acquisition. Nathan and Schmidt point out that the customer is putting his or her job on the line should acquisition fail, and that “the business customer won’t buy unless there is a substantial emotional connection to help overcome this risk” (Nathan, Schmidt, 2013, p. 2). It comes down to trust, and the relationships that the business customer has with the vendor. In addition to the high-level risk involved in B2B purchases, Nathan and Schmidt’s survey also found that perceptions of business value “barely differ between leading brands within a given industry,” and where differentiation does exist “**only 14% of business decision makers [say that they] are willing to pay a premium** for it” (Nathan, Schmidt, 2013, p. 2). With little perceived differentiation between leading brands, Nathan and Schmidt argue a *need* for B2B brands to stand out by building emotional connections with their customers, which can drive purchase intent and pricing power over competitors (Nathan, Schmidt, 2013, p. 3).

Section III: Social Norms & Cognitive Balance

As more B2B companies push to create emotional connections with their customers, it is important to understand what factors influence decision-making and inspire action. In his graduate course, Psychology of Advertising, University of Minnesota Professor, John Eighmey, outlined numerous theories of action and attitude change. When considering the impact of

emotions in B2B sales, one theory is particularly valuable. Shown in *Figure 3*, the **Theory of Reasoned Action** states that there are two influential sources that impact a person's intent to

Figure 3: Theory of reasoned action



Source: Eighmey, 2013, p. 6

act in a specific manner: attitude toward the action itself, and the subjective norm about what people think (Eighmey, 2013). When deciding between competing brands, there are many factors that can affect the buyer's intent to purchase. Firm goals, economic

pressures, past experience and personal gain are all factors that influence the buyer's attitude toward the purchase, but where do the end-consumers fit in? The Theory of Reasoned Action indicates that social norms play a large role in a person's intent to act. For example, if a hospital were investing in new cleaning services and the buyer had a choice between Ecolab and one of its competitors, the theory states that the hospital buyer will be influenced by society's perceptions of those two companies – i.e. if the majority of other hospitals favor Ecolab over its competitor, the buyer will be **predisposed to favor Ecolab** as well—even before considering the purchase.

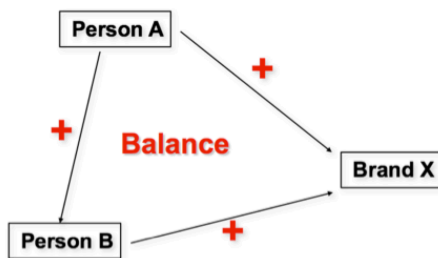
This notion that B2B buyers will match the opinions of their customers originates from the **Theory of Cognitive Dissonance**. First developed by American social psychologist Leon Festinger in 1956, the Theory of Cognitive Dissonance is described by Richard Bagozzi as:

A theory of attitude change based upon the notion that attitudes change in order to reduce internal feelings of discomfort that arise in response to becoming aware of inconsistencies between our attitudes and our behaviors.

Source: Bagozzi, 2012

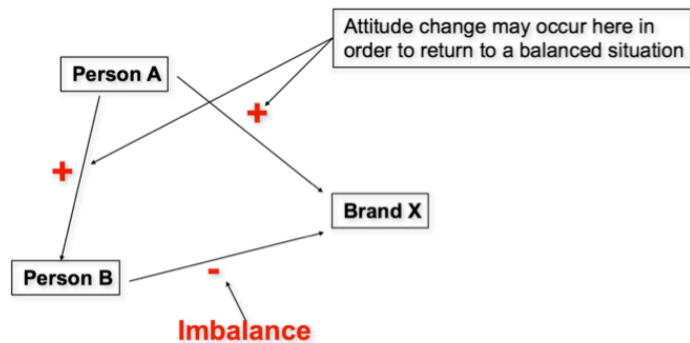
In his 2013 lecture, Eighmey points out that “there is a mental tendency (a cognitive process) leading to harmony or consistency among beliefs and attitudes,” and that “negative relationships can lead to possible changes in attitude in order to maintain a balanced ‘stasis’” (Eighmey, 2013, p. 38–39). As seen in *Figure 4a*, cognitive balance occurs when two people (who have a positive affinity for each other) both share positive emotions for a particular brand. However, should an imbalance occur (as shown in *Figure 4b*), attitude changes may occur to correct for

Figure 4a: Cognitive balance



Source: Eighmey, 2013, p. 38

Figure 4b: Cognitive imbalance (dissonance)



Source: Eighmey, 2013, p. 39

the imbalance. When applied to the hospital sales example, if the buyer (**Person A**) notices that his or her customers (**Person B**) have an attitude toward Ecolab (**Brand X**) that differs from the buyer's, the Theory of Cognitive Dissonance states that the hospital buyer will likely change his or her opinion to match that of the customer, achieving cognitive balance. While this application was not the original intent for these two theories, combined they outline the potential impact end-consumer opinions can have on the business customer, influencing them to match their attitudes toward certain brands and products. Therefore, it is important for B2B companies to think strategically about how their actions will influence opinions at the end-consumer level, and what types of communication can create a perception of consumer demand.

Research Hypotheses

The results from the literature review show that marketing budgets are increasing, and B2B companies are experiencing growth in firm sales, ROI, customer acquisition and customer retention. Additionally, nearly all B2B companies are attempting to build brand awareness at the end-consumer level via content marketing, placing a premium on building and maintaining customer relationships. What still remains unknown is the extent to which the end-consumer is affected by B2C communication and the actual value that it provides to B2B companies. In order to uncover the answers to these questions, primary research is needed.

Through a series of focus groups, surveys, and in-depth interviews, this study seeks to discover the extent to which end-consumers are affected by B2B communication, the impact that it has on their attitudes and perceptions of B2B brands, and the value that B2C communication provides to B2B businesses. In an attempt to answer these questions, two hypotheses have been made:

Research Hypothesis 1:

The researcher hypothesizes that B2C communication will have a direct, positive effect on end-consumer perceptions of B2B brands.

Research Hypothesis 2:

The researcher hypothesizes that investment in B2C communication will provide a measurable, positive return to B2B businesses.

Focus Groups

Two focus groups were conducted to investigate end-consumer purchasing habits, as well as their current perceptions of B2B brands. Each focus group was broken up into two main parts:

1. Participants were asked to describe their purchasing habits in terms of their decision-making process, as well as identify key influencers throughout the purchasing process.
2. Participants were shown an advertisement for certain B2B companies, and then asked to share their current perceptions of those brands; expanding on why they felt that the company would invest money in advertising to them as end-consumers.

All participants agreed to have their responses recorded. All responses were recorded anonymously.⁴

Section I: Methodology

Focus Group 1:	Focus Group 2:
Location: Private address	Location: University of Minnesota
Date: 04/23/2014	Date: 04/24/2014
Duration: 50 minutes	Duration: 55 minutes
Compensation: Dinner from Mesa Pizza	Compensation: Dinner from Mesa Pizza
Sample: Convenience sample	Sample: Convenience sample
Participant Demographics:	Participant Demographics:
- 9 participants	- 8 participants
- Age range: 23-27 years	- Age range: 26-38 years
- Diverse range of educational and professional backgrounds.	Strategic Communication master's students, University of Minnesota

Section II: Key Findings

Rational vs. Emotional Decision-making:

- Decisions fluctuate between rational and emotional depending on the frequency and end-purpose of the purchase
- Brands matter more in high-involvement decisions

⁴ See **Appendix B** for Focus Group 1 & 2 discussion notes.

Primary Influencers:

- Trust is of paramount importance; friends and family become experts
- The internet connects trends and styles from around the world
- There is a collective fear of missing out; people want to be a part of the conversation

Cognitive Dissonance:

- Most purchasing decisions are based on the opinions of others that we trust
- Advocates say more about a brand than its products or services

Why B2B's Advertise:

- Differentiate or distance from competitors
- Proactive PR to insulate against future missteps
- Recruit top employment talent
- Build confidence among investors

Advertising Imagery:

- Music drives emotion
- Favor emotional connection with brand over product benefits

Section III: Overview

The discussion from the first section of the study yielded some varying results, with Focus Groups 1 and 2 differing in their opinions of which purchasing scenarios were decided by rational decision-making and which were emotional. After that, however, both groups were nearly identical in their answers. Opinion formation and intent to try both heavily rely on trust, with both groups listing family and friends as the most influential information sources. Additionally, the focus group results **support the Theory of Cognitive Dissonance**, both stating that their opinions of brands are largely made by their opinions of the brand advocates. One example of this came from Focus Group 2, as one participant discussed her negative association of premium athletic apparel brand, Lulu Lemon. The participant stated that she used to think that the brand was overpriced, but as more of her friends gave Lulu Lemon positive reviews (creating dissonance), she re-evaluated her beliefs and decided to try it for herself. She is now a brand advocate.

In regard to the B2B advertisements, Focus Groups 1 and 2 both stated that B2B product companies like Andersen Windows and Intel can be directly requested by the end-consumer, and so need to be in their consideration set. When reflecting the advertisements for Cargill, Ecolab and IBM, neither group was clear on company operations, but they both saw the advertisements as a means of creating positive proactive PR – stating as a company builds more goodwill, they will be able to attract better talent, command a higher stock (or sell) price, and would increase their brand equity. These findings show a preliminary support of Hypothesis 1, but more research will be needed to show the extent to which B2C communication can influence end consumers' opinions of B2B brands.

Surveys

Based on the results of the focus groups, a snowball convenience survey was created and electronically distributed via Facebook and email to friends, family and followers. The survey aimed to discover what factors were most important to end-consumers when formulating opinions about B2B brands, as well as the extent to which B2C communication could influence the end-consumer's opinions about certain B2B brands. The three brands surveyed were: **Ecolab, Cargill and IBM**. One week after the initial survey was closed, a follow-up survey was conducted in order to discover the extent to which consumers retained both communication content as well as brand opinion.⁵

⁵ See **Appendix C** for PDF copies of Survey 1 and Survey 1 Follow-up

Section I: Methodology

Survey 1

Fielded by: Qualtrics, LLC

Distributed via:

- Facebook
- Email

Dates: 05/01/2014 – 05/06/2014

Duration: 6 days

Sample: Snowball convenience sample

Participant demographics:

- Sample size: 99 total; 67 complete
- Completion rate: 67%
- Gender: 56% female, 41% male
- Age range: 18-29 (59%), 30-49 (21%), and 50-69 (20%)

Survey 1 Follow-up

Fielded by: Qualtrics, LLC; Manual coding

Distributed via:

- Facebook
- Phone

Dates: 05/17/2014 – 05/18/2014

Duration: 2 days

Sample: Convenience sample

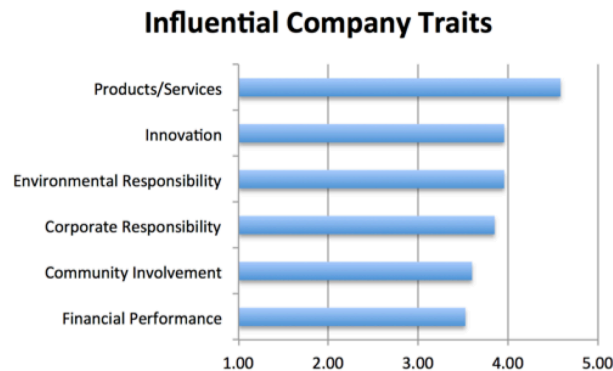
Participant demographics:

- Sample size: 20 total; 20 complete
- Completion rate: 100%
- Gender: 60% female, 40% male
- Age range: 18-29 (75%), 30-49 (5%), and 50-69 (20%)

Section II: Key Findings

Influence on opinion formation:

Figure 5: Importance of company traits on opinion formation;
5 = Extremely important (n = 67)



Source: Survey 1, 2014

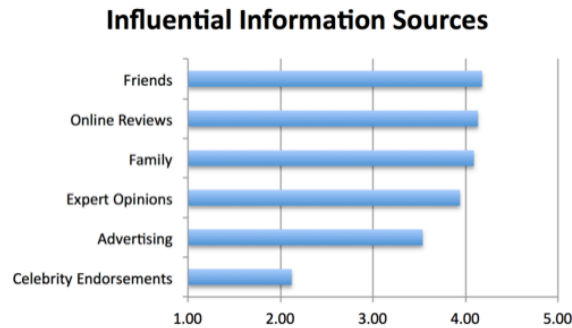
Products and services, innovation, and environmental responsibility were rated the top three most important company traits when formulating an opinion about a brand (Figure 5).

Friends, online reviews, and family make up the top three most important

influential information sources when rated together (Figure 6a).

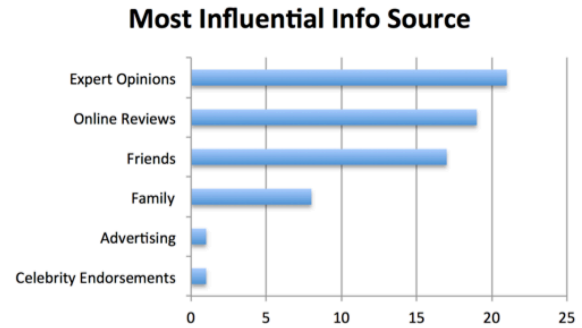
- Expert opinions were voted #1 most influential information source when participants were asked to select one source from the list (Figure 6b).

Figure 6a: Importance of information sources on opinion Formation; 5 = Extremely important (n = 67)



Source: Survey 1, 2014

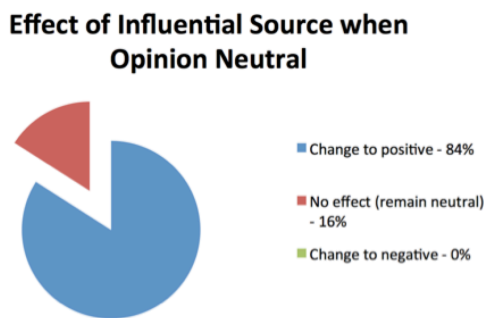
Figure 6b: Voted most influential information source (n = 67)



Source: Survey 1, 2014

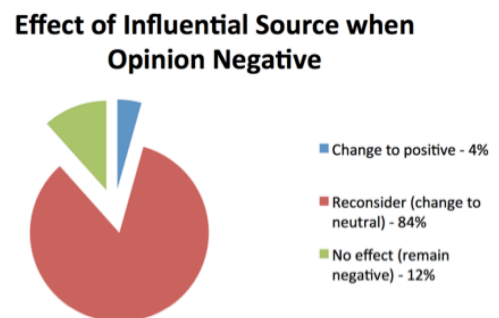
Effect of influential information sources on cognitive balance:

Figure 7a: Effect of influential source on brand opinion; Brand opinion = Neutral (n = 67)



Source: Survey 1, 2014

Figure 7b: Effect of influential source on brand opinion; Brand opinion = Negative (n = 67)

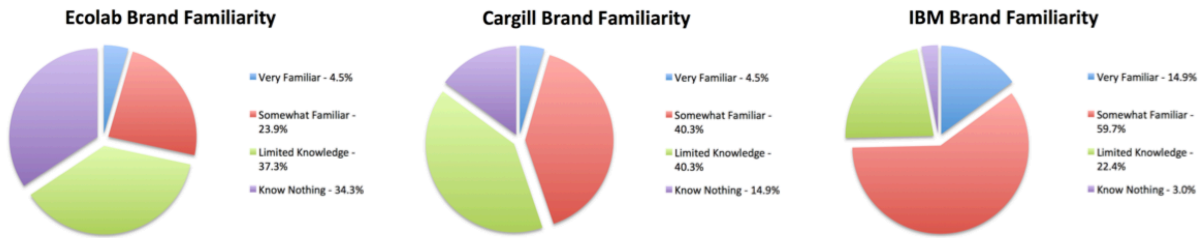


Source: Survey 1, 2014

- When hypothetical brand opinions were **neutral**, 84% of respondents claimed that they would **change** their brand opinions to positive, matching those of their most influential information source (Figure 7a).
- When hypothetical brand opinions were **negative**, 84% of respondents claimed that they would **reconsider** their brand opinions when those of their most influential information source were positive (Figure 7b).

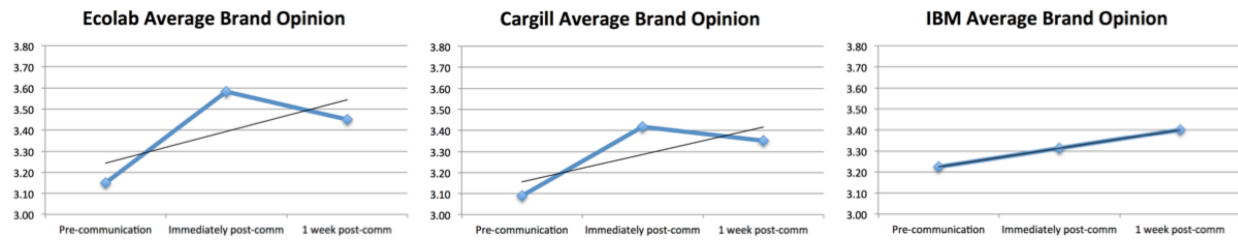
Effect of corporate communication on B2B brand opinion:

Figure 8a: Pre-communication brand familiarity (n = 67)



Source: Survey 1, 2014

Figure 8b: Effects of corporate communication on average brand opinion; 5 = Extremely like (n = 67; n = 20)



Source: Survey 1, 2014; Survey 1 Follow-up, 2014

- On average, brand approval **grew 28.5%** immediately after participants viewed the corporate communication, and retained a **21.2% growth** in approvals after one week.
- Unfamiliar brands (Ecolab) saw a greater jump in brand approval immediately after the corporate communication.
- Familiar brands (IBM) had higher pre-communication approval ratings, and experienced a greater retention of brand approval.

Section III: Overview

When forming opinions about B2B brands, 59% of survey respondents said that the company's **products and/or services were extremely important**. As seen in *Figure 5*, innovation, corporate and environmental responsibility, and community involvement all scored high marks as well. The least influential corporate trait was financial performance – with the majority of respondents registering as indifferent on the factor.

When asked about influential communication sources, respondents scored **friends, family and online reviews** as having a strong influence on opinions-formation regarding products and brands, but as *Figure 6b* shows, it was **expert opinions that won out as the most influential group with 33%** of the respondent selections. Friends and online reviews both tied for second with 28% selecting them as most influential, while family only had 10% of the votes. This data was somewhat surprising when compared to the result of the focus groups, which heavily favored friends and family over product experts. One explanation for this result is that friends and family could potentially cannibalize each of the other's votes, causing both of them to fall behind in the standings.

After participants had voted for their most influential information source, those selections were funneled into the next set of questions; testing the Theory of Cognitive Dissonance. These questions stated that participants had a brand opinion that differed from their selected info source. Participants were then asked if they would change their opinion to match that of their chosen source, or if they would have no change. Results found that an overwhelming **84% of participants** said that they would **change** their opinion to match those of their most influential source when neutral, and that another 84% said that they would **reconsider** their opinions if they had a negative predisposition. These findings **strongly support the Theory of Cognitive Dissonance** when it is used to measure brand opinions via influential information sources.

The final sections of Survey 1 and Survey 1 Follow-up featured questions regarding Ecolab, Cargill, and IBM. Before skimming the corporate communication, almost no one knew anything about Ecolab. Additionally, pre-communication, brand opinions for Ecolab were primarily neutral with 87% of respondents stating that they neither liked nor disliked the brand. Here is where it gets interesting: After skimming the Corporate Vision page from the Ecolab's website, 82.1% of respondents said that they had learned something new about the company,

and the **number of people who like the Ecolab brand grew 41.8%**; from 11.9% to 53.7%.

What's more, results from Survey 1 Follow-up were positive as well:

*Follow-up results show that after one week removed, 40% of respondents were able to recall information from Ecolab's mission page, and that **Ecolab's brand approval remained at 40%, a 28.1% increase from the pre-communication survey.***

Source: Survey 1 Follow-up, 2014

Both Cargill and IMB experienced similar growth in approval, retaining approval growth levels of 23.1% and 12.6% respectively. While additional testing of a larger sample is required to validate the responses, **these preliminary results suggest support of Hypothesis 1: B2C communication has a direct, positive impact on end-consumers opinions of B2B brands.**

Interviews/Additional Research

The focus groups and surveys have provided many insights to the benefits of B2B brands participating in B2C communication and the impact that it has on shaping consumer opinions, but the questions still remain as to how much *value* B2C communication can add to a B2B business. Two interviews and additional secondary research have been completed in an attempt to discover where and how B2B firms can add value for end-consumers, why some B2B corporations are already investing in B2C communication, and what tangible returns, if any, B2B businesses can gain from building brand equity with end-consumers.⁶

⁶ Please see **Appendix D** for full transcripts of both interviews, along with the methodology for the Siegel+Gale Study.

Section I: Methodology

Steve Bullert, CFP <i>First Resource Group, LLC</i> Location: New Brighton, MN Method: In-person Date: 05/23/2014 Duration: 40 minutes Sample: Convenience	Joel Kleinfeld, President <i>MJC Corp.</i> Location: San Francisco, CA Method: Phone Date: 06/02/2014 Duration: 20 minutes Sample: Convenience	Chris Schermer, President <i>Schermer</i> Location: Minneapolis, MN Method: Email Date: 05/25/2014 Duration: N/A Sample: Convenience
--	--	--

Section II: Key Findings

Steve Bullert, CFP:

- Emotions drive short-run performance, but company fundamentals will win out in the long run
- Goodwill is an important tool for building a barrier to entry for competing firms
- Environmental and Social Governance (ESG) is a high priority for younger investors
- The more recognition you have, the easier it will be to keep yourself toward the top of your industry

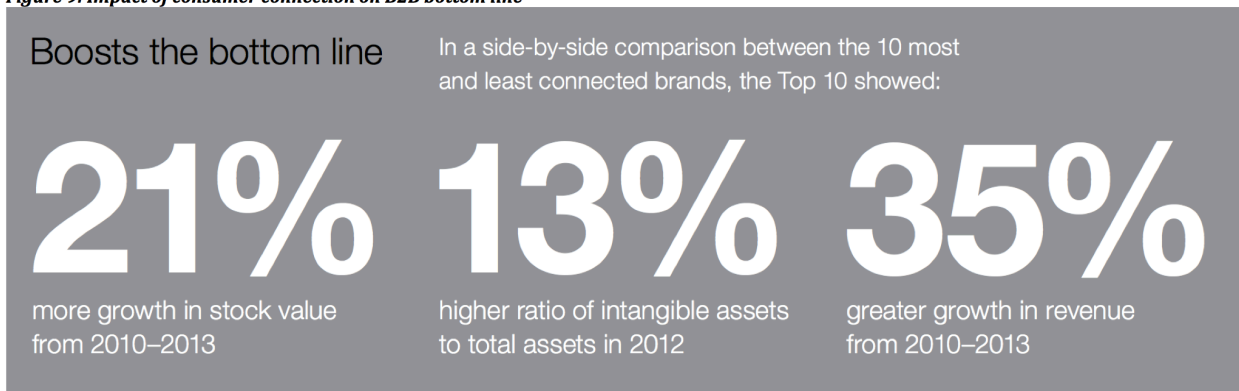
Joel Kleinfeld, President:

- Brick and mortar sales continue to drop as more consumers shop online, providing B2B businesses with an opportunity to bypass retailers and sell direct to end-consumers
- Need to compete online to be successful in the future
- Convince ownership to investment in B2C communication by outlining generational purchasing trends

Siegel+Gale Study; recommended by Chris Schermer, President:

- B2B decision-makers are 10% more likely to consider brands that consumers know and feel connected to (Siegel+Gale, 2014, p. 5)
- Consumer connection impacts the bottom line:

Figure 9: Impact of consumer connection on B2B bottom line



Source: Siegel+Gale, 2014, p. 5

Section III: Overview

Steve Bullert, CFP – First Resource Group, LLC:

When thinking about why some B2B companies invest in B2C communication, participants from both focus groups identified that B2B companies can command a higher stock price by building brand equity with end-consumers. The first interview featured Steve Bullert, a Certified Financial Planner (CFP) for First Resource Group, LLC. In order to effectively manage his clients' financial portfolios, Bullert must analyze a wide variety of publically traded stocks from both B2C and B2B companies – giving him a thorough understanding of how communication can effect stock prices both short and long-term.

Bullert first began by commenting on consumer perceptions of brands and their effect on a company's stock price over time:

“A lot of stock prices are driven in the short run by emotions, so if there’s a general feeling of positivity, that will help their stock price. Eventually over a period of time, the fundamentals of a company weigh out what the true value is.”

Source: Bullert Interview, 2014

While at first it may seem that communication does not have a lasting impact on the stock price, Bullert went on to comment that **brand communication is a key part of building goodwill**, a financial measurement that can provide long-term company value, including serving as an entry barrier for other firms trying to enter the market. However, by definition, intangibles are hard to measure, making investing in B2C communication a difficult sell for most B2B decision-makers.

For Bullert, this is where a good leadership comes into place:

“If you want to be a long-term player, the more recognition you have the easier it will be to keep yourself toward the top of your industry... It is the mark of a good management team to be able to set short-term earnings aside, knowing that you’re a good enough company to still have some decent earnings even though you’re spending money on activities that will provide long-term value.”

Source: Bullert Interview, 2014

Investing in B2C communication will not provide tangible returns overnight, which means that it will be a tough sell for most decision-makers, especially in today's financial environment that

focuses on short-term gains. Even though short-term earnings may drop, it is important for decision-makers to have the foresight to build brand affinity among end-consumers, rewarding them with long-term rewards in the future.

Joel Kleinfeld, President – MJC Corp:

While some B2B executives focus on short-term returns, others have the ability to identify changing consumer trends and are making investments to prepare their companies for long-term success. Joel Kleinfeld is one of these executives. Kleinfeld is the president of MJC Corp., a B2B manufacture of licensed apparel that sells to major mass-retailers such as Wal-Mart, Target and Sears. While MJC does not currently sell any apparel direct to consumers, Kleinfeld has **recently hired a full-time social media expert** to start building a presence for his company online, citing decreasing sales at brick and mortar stores as more consumers begin to shop online:

*“People have less time to shop and are now going online to make most of their purchases – that’s why Amazon is so successful. **In order to be successful in the future, we need to compete in that space**, so we decided to tool up and make a push to get our name out there.”*

Source: Kleinfeld Interview, 2014

Identifying this trend was only Kleinfeld’s first step. He then had to convince his ownership group to sign off on the investment:

*“The ownership group understands that [end-consumer communication] is important, but they **view it as secondary** to our business needs. We needed to change their mindset to put it on the top of their list. We did this by explaining that we **need to be proactive and get in front of these generational trends** if we want to stay in business.”*

Source: Kleinfeld Interview, 2014

Kleinfeld’s third step, which could prove to be the hardest one yet, is to measure the return on his investment and determine the best course of action based on the results.

Siegel+Gale Study; recommended by Chris Schermer, President - Schermer:

Chris Schermer, president and founder of Schermer B2B marketing agency, is arguably Minnesota's leading expert on B2B communication. Unfortunately, due to a combination of a busy travel schedule and the recent birth of his third child, Chris had to cancel his interview. While his direct input will be missed, Schermer was able to recommend a new global study measuring the impact of brand recognition to the bottom line. Completed by global branding firm, Siegel+Gale, the **B2BNow study** evaluated 67 B2B-focused Fortune 500 brands, surveying nearly 9,500 consumers and 450 business decision-makers, providing some valuable results. The study shows that building brand relevance among end-consumers provides B2B businesses with direct, measurable returns:

1. **Drives demand:** "B2B decision-makers are **10% more likely to consider brands** that consumers know and feel connected to" (Siegel+Gale, 2014, p. 5).
2. **Boosts the bottom line:** A side-by-side comparison between the ten most and least connected brands showed that the top ten had **grown 21% more in stock value**, 35% more in revenues and a 13% higher ratio of intangible assets than the bottom ten (Siegel+Gale, 2014, p. 5).

These results support the findings from Nathan and Schmidt's B2B purchasing study, providing evidence that company buyers *need* to be emotionally connected to the sale in order to help mitigate risk before purchasing. The same goes for end-consumers – supporting the theory that investing in B2C communication can help B2B brands grow their business by commanding a higher stock price. This accelerated growth to the stock value, along with increased revenues and intangible assets for well-connected B2B brands **supports Hypothesis 2; that investment in B2C communication provides a measurable, positive return to B2B businesses.**

Discussion

Section I: Interpretation of findings

Following a review of the current and historical literature on B2B marketing trends, rational vs. emotional decision-making, and social norm and cognitive dissonance theories, two research hypotheses were proposed:

Research Hypothesis 1:

The researcher hypothesizes that B2C communication will have a direct, positive effect on the end-consumer's perception of B2B brands.

Research Hypothesis 2:

The researcher hypothesizes that investment in B2C communication will provide a measurable, positive return to B2B businesses.

In order to test these two hypotheses, primary research was proposed in the form of focus groups, surveys and interviews. Here are the **key takeaways** from their findings:

Focus Groups:

- Participants make purchasing decisions based on both rational and emotional inputs
- Trust is of paramount importance; friends and family are influential information sources
- Proactive PR via B2C communication can help insulate the company against future missteps, recruit better talent, and command investor confidence
- Favor emotional connection with brand over product benefits

Surveys:

- Products and services scored highest in terms of important to consumers when formulating attitudes toward the brand
- 84% of respondents said that they would **change** their attitudes toward a brand to match those of their selected most influential information source
- On average, brand approval grew 28.5% from participants immediately after viewing the corporate communication, retaining a 21.2% growth in approvals after one week

- Unfamiliar brands (i.e. Ecolab) enjoyed a larger jump in brand approval immediately after the corporate communication, but familiar brands (i.e. IBM) both started with a higher approval rate, and saw an increase in approval ratings *after* one week removed

Interviews/Additional Research:

- The more recognition you have, the easier it will be to keep yourself toward the top of your industry
- Convince ownership to invest in B2C communication by outlining the tangible benefits that end-consumer marketing has to the bottom line
- B2B decision-makers are 10% more likely to consider brands that consumers know and feel connected to (Siegel+Gale, 2014, p. 5)

Hypothesis 1: Findings

When evaluating B2B advertisements, focus group participants stated that they preferred ads that were **emotionally appealing** versus ones featuring product benefit. This comment suggests that the participants *were* in fact affected by the B2B ads. These findings were validated by the two surveys, which found participants' attitudes toward B2B brands not only skyrocketed immediately after viewing a short piece of generic corporate content, but those positive attitudes were also retained over time. **These focus groups and survey results support Hypothesis 1; that B2C communication will have a direct, positive effect on end-consumer perceptions of B2B brands**, giving well-connected businesses the ability to build trust and leverage brand familiarity with company decision-markers.

Hypothesis 2: Findings

Findings from the focus groups and interviews both suggest that B2C communication provides value to B2B businesses. Focus group participants were the first to conclude that end-consumer marketing can be used to build positive brand awareness; important for insulating the

company against future missteps as well as instilling investor confidence. Findings collected from all three interviews validated these claims. Both Bullert and Kleinfeld touched on the importance of B2C communication helping B2B brands stay top-of-mind, but **the results from the Siegel+Gale global study provide direct, measurable benefits for B2B businesses investing in end-consumer communication, supporting Hypothesis 2.**

Section II: Limitations

The research findings from this study support both proposed hypotheses, but it is important to note that there are limitations to methods used that could have impacted the results, and that future research should be conducted to confirm or oppose the findings from this study. Potential research limitations include but are not limited to:

Small Sample Sizes:

- Surveys – Both surveys had a limited response: 67 respondents for Survey 1 and 20 for Survey 1 Follow-up.
- Interviewee bias – Only one expert per field was interviewed; fellow subject experts have not validated responses.

Convenience Samples:

- Focus Groups – Both focus groups were conducted using a convenience, and therefore cannot truly give an accurate representation of the general public.
- Surveys – Both surveys were conducted using a snowball convenience sample, and therefore cannot truly give an accurate representation of the general public.

Survey Design:

- Neither survey was beta-tested before going public. The design could have been modified to improve responses and completion rate.

Moderator/Interviewer Bias:

- For both focus groups and all three interviews, there was only one moderator and interviewer, leaving a potential for bias.
- The featured brands and their corresponding advertisements were selected based on the judgment and opinion of the moderator.

Section III: Future Research

Research findings from this study, along with results from the Siegel+Gale Study, may have been able provide a measurable return on the brands that they studied, but that does not mean that these results are representative of the general public, or that there is a one-size-fits-all B2C communications plan that will fit every B2B business. At what point is it no longer cost-effective for B2B companies to take part in end-consumer communication? What are alternative, lower-cost solutions for building positive brand recognition as compared to advertising? Additional research should be conducted not only to validate the results from the study, but also to expand a list of best practices for B2B companies looking to build brand awareness with end-consumers.

Conclusion & Recommendations

As he reviewed the results of his research, Will Defiel thought back to the original questions that led him to begin his investigation: Is the decision to neglect end-consumer marketing a savvy move on Ecolab's part, or should the company be taking measures to build positive brand awareness with end-consumers? Can emotions and social norms be leveraged to influence B2B purchases? Would marketing to the end-consumer really provide value to a B2B company like Ecolab?

With research in-hand, Defiel's answer to these questions was a resounding **YES**, but even if Ecolab's executives *were* listening, how would they leverage his research to make the most out of their investment? Who would they target, and what would they communicate? Defiel decided to compile a list of **three recommendations** from his findings for B2B marketers looking to grow their business with B2C communication:

Recommendation 1: Win *your* customers by winning *theirs*

Target audience: Buyers

Have you ever heard the term, “the customer is always right?” I’m sure that your buyers have. As brand engagement between retailers and consumers continues to rise, your buyers will be doing everything they can to connect with their consumers – and so should you. Supported in *Survey 1*, the **Theory of Cognitive Dissonance** states that humans have an internal desire to achieve a state of cognitive balance with those whose opinions they value. When applied to the Ecolab sales example, this theory suggests that even if the hospital buyer does not like the company, if end-consumers know and like the Ecolab brand, the buyer is likely to **change his or her opinion** to match those of the end-consumers. Creating brand equity with your end-consumers will enable you to leverage a consumer-connection in sales meetings; encouraging your buyers to think about the positive impact that your brand will have on end-customers.

Recommendation 2: Get them with killer content

Target audience: End-consumers

So you’ve decided to target end-consumers, but what are you going to say to them? According to a recent study done by the Content Marketing Institute, 93% of B2B marketers participate in content marketing – the act of “brands telling stories to attract and retain customers” (Content Marketing Institute, 2007, p.2). Distributing relevant and compelling content to end-consumers on a regular basis is a must, but what are they interested in? Survey 1 found that consumers are **most influenced by a company’s products and services**, followed closely by innovation, environmental responsibility and corporate responsibility. Steve Bullert, CFP, validated these results, commenting that many of his investors look to buy stock from companies that possess “a high level of environmental and social governance (ESG).” If your

B2B firm is environmentally friendly – tell people about it! Build brand awareness with end-consumers by making your products and services the heroes.

Recommendation 3: Invest for the long run

Target audience: Upper management

Building brand equity takes time. You probably won't see a return on your investment overnight, so you will need to convince upper management that investing in end-consumer communication will pay off in the long run. Here are some quick tips that should help you convince even the stingiest of CFOs:

- **Highlight the bottom line impact:** The Siegel+Gale **B2BNow** global study shows that building brand relevance among consumers:
 - 1) *Drives demand:* “B2B decision-makers are 10% more likely to consider brands that consumers know and feel connected to” (Siegel+Gale, 2014, p. 5).
 - 2) *Boosts the bottom line:* A side-by-side comparison between the ten most and least connected brands showed that the top ten had grown 21% more in stock value, 35% more in revenues and a 13% higher ratio of intangible assets than the bottom ten (Siegel+Gale, 2014, p. 5).
- **Identify new industry trends:** Joel Kleinfeld, present of MJC Corp, identified that sales in his industry are moving online, so he convinced his ownership group that investment in B2C communication was necessary if they wanted stay on top:

*We did this by explaining that we **need to be proactive and get in front of these generational trends** if we want to stay in business.”*

Source: Kleinfeld Interview, 2014

- **Recommend best practices:** Look at results from industry-wide surveys such as Content Marketing Institute or the CMO survey, which provide a list of top-performing tactics. Review and apply those that will have the greatest impact to your business.

- **Play to their ego:** When forming opinions about which stocks he will recommend to his clients, CFP Steve Bullert places a premium on the management team in place – especially those managers capable of spotting trends and investing in long-term benefits:

“It is the mark of a good management team to be able to set short-term earnings aside, knowing that you’re a good enough company to still have some decent earnings, even though you’re spending money on something that is going to provide long-term value.”

Source: Bullert Interview, 2014

Applying these tips will help you convince upper management that investing in B2C communication can provide long-term benefits – especially in sales meetings. Once you have built brand-awareness with end-consumers, leverage that connection with your customers to win business and rise above the competition!

References

Bagozzi, R. P., Gurhan-Canli, Z., & Priester, J. R. (2002). *The social psychology of consumer behaviour* (p. 171). Buckingham: Open University Press.

Content Marketing Institute. (2007). What is content marketing? *Content Marketing Institute*. Retrieved from <http://contentmarketinginstitute.com/what-is-content-marketing/>

Content Marketing Institute. (2014, April). B2B Content Marketing: 2014 Benchmarks, Budgets, and Trends—North America. *Content Marketing Institute*. Retrieved from http://contentmarketinginstitute.com/wp-content/uploads/2013/10/B2B_Research_2014_CMI.pdf

Eighmey, J. (2013, March 26). Attitude Change Theories. Seminar. Lecture conducted from University of Minnesota, Minneapolis, MN.

Massey, A, Montoya-Weiss, M, & Holcom, K. (2001). Re-engineering the customer relationship: leveraging knowledge assets at IBM. *Decision Support Systems*, 32(2),155-170.

Mueller, W. (2014, February 24). B2B Marketing at Ecolab. Seminar. Lecture conducted from University of Minnesota, Minneapolis, MN.

Nathan, S., & Schmidt, K. (2013). From Promotion to Emotion: Connecting B2B Customers to Brands Think Insights. *Google*. Retrieved from <http://www.thinkwithgoogle.com/articles/promotion-emotion-b2b.html>

Prophet. (2014). Brand Portfolio and Brand Architecture in Single Brand Companies. *Prophet*. Retrieved from <http://www.prophet.com/downloads/articles/product-architecture.pdf>

Siegel+Gale. (2014, May 29). B2BNow. *Siegel+Gale*. Retrieved from <http://simple.siegelgale.com/acton/fs/blocks/showLandingPage/a/9371/p/p-0002/t/page/fm/0>

The CMO Survey. (2014, February). CMO Survey Report: Highlights and Insights. *The CMO Survey*. Retrieved from https://faculty.fuqua.duke.edu/cmosurveyresults/The_CMO_Survey-Highlights_and_Insights-Feb-2014.pdf

Appendix A: Literature Review Background & Methodology

Exhibit 1: The CMO Survey Methodology

Founded and Directed by **Christine Moorman**, Sr. Professor of Business Administration at Duke University's Fuqua School of Business, **The CMO Survey** is a non-commercial, bi-annual survey that aims to "collect and disseminate the opinions of top marketers in order to predict the future of markets, track marketing excellence, and improve the value of marketing in firms and society" (The CMO Survey, 2014, p. 2).

The **February 2014 Survey Methodology** (The CMO Survey, 2014, p. 3):

- Survey Sample
 - 4582 top U.S. marketers at Fortune 1000, Forbes Top 200, and top marketers who are AMA Members or Duke University Alumni and Friends
 - 408 responded for a 8.9% response rate
- Demographics
 - 88% of respondents VP-level or above
- Survey Administration
 - Email contact with four follow-up reminders
 - Survey in field from January 14, 2014 - February 4, 2014

Exhibit 2: Content Marketing Institute Methodology

The **B2B Content Marketing: 2014 Benchmarks, Budgets, and Trends—North America** is an annual survey produced by Content Marketing Institute and MarketingProfs and sponsored by Brightcove.

The **2014 Survey Methodology** (Content Marketing Institute, 2013, p. 22):

- Survey Sample
 - 1,217 (out of the total 4,397 worldwide) respondents who identified themselves as B2B marketers in North America
- Demographics
 - 40% of respondents marketing, advertising, communications or PR professionals
 - 25% of respondents corporate management or owner level
 - 19% of respondents from large B2B companies (1,000+ employees)
- Survey Administration
 - Mailed electronically to a sample of marketers using lists from Content Marketing Institute, MarketingProfs, Brightcove, Blackbaud, King Content, The Association for Data-driven Marketing & Advertising (ADMA), the Direct Marketing Association UK (DMA), Industry Week, and New Equipment Digest

Appendix B: Focus Group Discussion Notes

Exhibit 3: Focus Group 1 Discussion Notes

Location: Private address

Date: 04/23/2014

Duration: 50 minutes

Compensation: Dinner from Mesa Pizza

Sample: Convenience sample

Participant Demographics:

- 9 participants
- Age range: 23-27 years
- Diverse range of educational and professional backgrounds.

Q1: Are your purchases based on rational decisions, emotional decisions or both? Why?

Smaller purchases = emotional

Larger = rational

Normally effects you AFTER you buy; emotional decisions tend to end up as buyers remorse.

Functional decisions = research and rational decision-making.

Consumer reviews = very important.

Food = emotional

You need to think about who is benefitting from your purchase; this will influence whether you decision is made by rational or emotional decision-making.

Q2: Does the theory of Cognitive Dissonance ever come into play in your attitude formation? If so, who most influences your opinions?

Friends become experts – ask them for recommendations

It comes down to trust – It comes down to support.

Kid culture sway – popularity. Kids are tuned in to style, color, Instagram. Brands

Where do they get these trends?

Celebrities/YouTube/Social Media/blogs are important – if it has a lot of views then it means that it's popular and should be purchased.

Trends set by musicians/actors/some trends are slow moving and some are

The Internet is powerful – connects style from around the world

Pinterest can plan trips now – people keep folders of where they want to go.

Internet is a positive feedback loop – (viral videos) – see what's happening. People are talking about the exact same albums, terms with the same ratings. People want to be a part of the conversation. Don't want to be left out – Jimmy Kimmel – made up names that people “knew all about” because they don't want to be “out of the know”

If you can catch a trend before it's popular – people will buy it. Find the next big thing before it bursts. Want to be unique.

Others want to wait to see if it is “worth their time”:

Can get overloaded – so people find sites/groups/specific brands that they like and then stick to it, and then only branch out when you have a solid recommendation from a friend.

Everyone loves to say that they were the early adopter.

Negative experiences:

Terrible experiences catch fire much faster than positive. It's about expectations – you expect to have a fantastic experience. If you don't receive your expectations that you previously set, then you will be disappointed.

Surveys: Always fill out if you have a good experience, but not worth your time for a bad one.

Q3: For each of the following B2B advertisements, please answer:

- 1) What do you know about the business and how?
- 2) And 2) Why do you think this B2B company is paying to advertise to the end-consumer?

Andersen Windows:

What do you know about them/how do you know them?

- Build windows – high quality - guarantee
- Don't know it: "who knows about windows?"

Why would they be advertising to the end-consumer?

- Because the consumer can ask for them specifically. Emotional connection.
- But also to let other non-MN contractors who they are.

Intel:

What do you know about them/how do you know them?

- They make processes –because it's on the computer – they've been advertising for years.

Why would they be advertising to the end-consumer?

- Because you can choose between processors in a computer
- Why buy Intel over AMD?
 - o Know it because you've heard of it
 - o It is too daunting to research so you default to a known brand

Cargill:

What do you know about them/how do you know them?

- Produce food and farm around the world
- Know it because I've grown on the farm

Why would they be advertising to the end-consumer?

- Because the people who know who they are think they are a giant conglomeration
- Important because Monsanto has a negative perception (entire documentary of them killing business) doesn't want to get caught up in that.
 - o Negative due to environmental impact
 - o Important to not get caught up in that "guilty by association"
 - o Large corps are much more susceptible to consumer –level protests/boycotts – easy to facilitate
 - o Consumers' memory is short, but people will remember large mistakes such as the BP Spill.

IBM:

What do you know about them/how do you know them?

- Hitachi bought them? Maybe.
- Used to sell consumer PC's, but now they...."who knows?"
- How do you feel about them?
 - o Cutting edge
 - o Smarter planet – it's a good rallying cry
 - o It's intriguing and makes you want to understand

Why would they be advertising to the end-consumer?

- Recruiting top talent
- Small businesses that are not experts – this is known.
 - o Adding confidence in business – name dropping "we work with IBM"
- Investors = more money (confidence in themselves = strong company)
- When people don't understand something – it's best to tell them that you are the best

Q4: What imagery from the advertisements stood out the most? Why?

Good:

- Music – catchy, stuck in your head
- Intel was the most emotionally and visually appealing – people can relate to it.
 - o Clever and emotionally appealing
- Show people WHY they want the product/like the brand – not WHAT the product is.

- “IBM – they like dolphins and want to save the world – we like them”

Bad:

- Jingles = selling out
 - Can be really annoying
- Don't believe the head-to-head tests
 - Pepsi vs. Coke taste tests
 - It's not about proving your quality – it's about connecting emotionally

Neutral:

- People get sucked into the emotional appeals
- Get angry once you have been sucked in

Exhibit 4: Focus Group 2 Discussion Notes

Location: University of Minnesota

Date: 04/24/2014

Duration: 55 minutes

Compensation: Dinner from Mesa Pizza

Sample: Convenience sample

Participant Demographics:

- 8 participants
- Age range: 26-38 years
- Strategic Communication master's students, University of Minnesota

Q1: Are your purchases based on rational decisions, emotional decisions or both? Why?

Decisions fluctuate – it depends on the product/brand and the end purpose of the purchase.

Ex: Beauty products are heavily researched because the product should be safe for the skin, etc.; but tape is just what is on sale or most readily available (whatever one you see first).

Purchases are habitual. It's easy, fast and efficient.

High-involvement: brands matter more. Brand attributes become important – irrational bonds will pull you to a Ford over a Hyundai, unless price reaches a point of significant difference.

Q2: Does the theory of Cognitive Dissonance ever come into play in your attitude formation? If so, who most influences your opinions?

Don't want to be left out – Jimmy Kimmel – made up names that people “knew all about” because they don't want to be “out of the know”

Base everything on other people's opinions. Subject experts = more important.

Opinions of other increase purchase intent.

It depends on the other person – if you don't like that person then you won't like that brand.

Example: Lulu Lemon. 1st = way over priced. But as she gained experience through her friends who love the brand, she wanted to try the clothing and now loves it.

Learned about it from a friend – had it first and liked it – but as it gained more popularity then it started to be turned off. Too mainstream – but more than that – it was cult-like.

One member HATED Red Bull – then husband was sponsored by Red Bull – and now, over time, has liked and she defends it (loyalty).

Some people like conflicting things – contrarian.

Who most influences your opinion-formation?

High Facebook likes = seeking out more information.

Friends are on the same wavelength

Household purchases matter immensely (wife measures everything per ounce)

Husband/Wife; Parents; Small group (3) of people

Q3: For each of the following B2B advertisements, please answer:

- 1) What do you know about the business and how?**
- 2) And 2) Why do you think this B2B company is paying to advertise to the end-consumer?**

Andersen Windows:

What do you know about them/how do you know them?

- Worked there, but had never thought about advertising and the end goal making beautiful homes
- State Fair – used to give away water-bottles – but somewhere along the way found that Andersen was high-quality
- Most colors and selections. Highest quality.
- Not sure where they got it, but it's high quality.

Why would they be advertising to the end-consumer?

- End-consumer can make the ultimate decision about the windows with the contractor
- Strategy similar to Sherwin-Williams and end-consumers will recognize the brand and choose that company
- Want to be top-of-mind and show more of what options they have.

Intel:

What do you know about them/how do you know them?

- Intel makes processors – but know nothing between one processor or another
 - o Can't think about other processors
- Gives away cool stuff to employees
- Meaningful commercials
- Boss explained it to me – how processors work

Why would they be advertising to the end-consumer?

- For people to remember them when they go to Best Buy and will recognize Intel over AMD.
- If their suppliers do well, they will too.

Cargill:

What do you know about them/how do you know them?

- They are an agricultural company
- Feed a lot of the world's population
- Seen them on grain elevators
- People have really good jobs there – know someone who works there
- Think of e coli due to a ground beef scandal
- Documentary of the processing plant – trying to reduce the stress on Animals – Temple Granden
- Cargill and Monsanto are the same - Don't do the same things (only one person knew)

Why would they be advertising to the end-consumer?

- If people know who they are, it's beneficial to know what they do.
- It's about building a positive reputation to avoid negative concerns (Positive, proactive PR)
- Must be for goodwill for the public – people who work with them know what they do – it's for the people who don't know and want to build good PR
 - o Goodwill in case anything happens – they are so diverse that there is lots of opportunity for error
- Could be a talent acquisition play – get the best employees
- Measure their success on brand index – which isn't always built on performance

Ecolab:

What do you know about them/how do you know them?

- Very generic brand video that doesn't say anything about what they do
- Have no idea what it is
- Use their soap to clean restaurant

Why would they be advertising to the end-consumer?

- Use or lose their budget
- If you only see them on the chemical side – it's good to show the environmental side of things
- Don't know why to spend the money – whom are they targeting?
- Just creating goodwill for proactive PR, could be acquisition, could be regulatory/lobbying
- Creating intrigue?
- Less an ad – more branded content

IBM:

What do you know about them/how do you know them?

- Computers
- Steve Wozniak?
- Had to wear a white dress shirt
- Less computers now, now it's software – intellectual property

Why would they be advertising to the end-consumer?

- Same as Ecolab – no reason besides wanting people to like them
- They used to be consumer facing, and want to remain relevant with consumers
- Waiting to be sold – and want to boost their stock price
- Every reason in the world to do brand-equity advertising – may be measured on brand index

Appendix C: Survey PDF's & Results

Exhibit 5: Survey 1 PDF

Source: Qualtrics, LLC

5/8/2014

Qualtrics Survey Software

Default Question Block

Thank you for taking the time to participate in my **Capstone Project Survey!**

This survey aims to research how consumers formulate opinions about products and brands, specifically those from business to business companies that rarely advertise to the end-consumer.

Your response is completely anonymous and should only take 10-15 minutes.

PART 1: FORMULATING OPINIONS

When formulating opinions about a corporation, how important are the following company traits?

	Not at all Important	Very Unimportant	Neither Important nor Unimportant	Very Important	Extremely Important
Products and/or Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community Involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale of 1-5, how much do the following groups influence your opinions about products or brands?

	1- No Influence	2	3	4	5 - Strongly Influence
Product/Brand Advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Celebrity Endorsements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expert Opinions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

1/2

5/8/2014

Qualtrics Survey Software

Family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online Reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

From the previous question, which group is the **most influential** when you are formulating an opinion on a product or brand?

- ☐ Product/Brand Advertising
☐ Celebrity Endorsements
☐ Expert Opinions
☐ Family
☐ Friends
☐ Online Reviews

If you had a **neutral** opinion about a product or brand, but your **highly recommended** that product brand, how would that effect your opinion?

- ☐ I would change to a positive opinion.
☐ There would be no effect (remain neutral).
☐ I would change to a negative opinion.

If you had a **negative** opinion about a product or brand, but your **highly recommended** that product/brand, how would that effect your opinion?

- ☐ I would change to a positive opinion.
☐ I would reconsider my opinion (neutral).
☐ There would be no effect (remain negative).

PART 2: B2B BRAND RECOGNITION

In this section, you will review three business to business companies and assess your familiarity with each brand.

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

2/2

5/8/2014

Qualtrics Survey Software

Brand 1: Ecolab



Do you currently, or have you ever worked directly for or with Ecolab?

- ☐ Yes
☐ No

In regard to Ecolab, how familiar are you with:

	Know Nothing	Very Little	Somewhat Familiar	Very Familiar
The Company Overall	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Products and Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Financial Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Community Involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Environmental Efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your opinion of Ecolab?

Dislike Extremely	Dislike Very Much	Neither Like nor Dislike	Like Very Much	Like Extremely
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Now quickly skim this screen-shot of Ecolab's **corporate vision**:

Credit: <http://www.ecolab.com/our-story/our-company/our-vision> (2014)



<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

3/2

5/8/2014

Qualtrics Survey Software

OUR VISION

[Home](#) > [Our Story](#) > [Company](#) > [Our Vision](#)

COMPANY

[Our Purpose & Values](#)

[Our Vision](#)

[Clean Water](#)

[Safe Food](#)

[Abundant Energy](#)

[Healthy Environments](#)

[Our Difference](#)

[Our Principles](#)

[Culture And Inclusion](#)

[Company History](#)

[Community Involvement](#)

[Our Expertise And Innovation](#)

LEADERSHIP

BUSINESS UNITS

SUPPLIERS

CORPORATE RESPONSIBILITY



Clean Water

Water is the world's most valuable resource. Demand for clean water is putting enormous pressure on the world's available supply. Water is integral to many processes - such as cleaning and sanitizing, boiler and cooler water treatment, oil and gas processing, and pulp and paper processing. Ecolab's technologies and expertise help our customers conserve water through conservation, recycling and

[Learn More](#)



Safe Food

The foods we eat today come from a global supply chain - no matter where or how they are produced, prepared and stored properly to prevent harmful microorganisms that can cause illness.

[Learn More](#)



Abundant Energy

Around the world, the demand for energy is growing. Meeting the demand is becoming more difficult as programs and technologies, we help our customers conserve energy with fewer resources. And by identifying and treating problems, we help our customers use less energy - and reduce their carbon footprints - by identifying and treating problems and providing them with products that meet their needs.

[Learn More](#)



Healthy Environments

The spread of disease can be devastating to businesses. That's why we provide health and safety solutions that help reduce infections and improve patient safety. With products that meet or exceed healthcare standards, we help prevent the spread of infection in many environments.

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

4/2

5/8/2014 Qualtrics Survey Software
[Learn More](#)

Did you learn anything new from skimming this page?

- ☐ Yes
☐ No

After skimming their corporate vision, what is your opinion about **Ecolab**?

Dislike Extremely Dislike Very Much Neither Like nor Dislike Like Very Much Like Extremely

Brand 2: Cargill



Do you currently, or have you ever worked directly for or with **Cargill**?

- ☐ Yes
☐ No

In regard to **Cargill**, how familiar are you with:

	Know Nothing	Very Little	Somewhat Familiar	Very Familiar
The Company Overall	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Products and Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<https://um.qualtrics.com/ControlPanel/Action/GetSurveyPrintPreview&T=2C1PAC> 5/12

5/8/2014 Qualtrics Survey Software

Its Financial Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Community Involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Environmental Efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your opinion of **Cargill**?

Dislike Extremely Dislike Very Much Neither Like nor Dislike Like Very Much Like Extremely

Now quickly scan this screen-shot of Cargill's **corporate responsibility** page:

Credit: <http://www.cargill.com/corporate-responsibility/index.jsp> (2014)

5/8/2014 Qualtrics Survey Software

The screenshot shows the Cargill Corporate Responsibility page. It features a navigation bar with 'Our Company', 'Corporate Responsibility', 'Products & Services', and 'Connections'. The main heading is 'Corporate responsibility' with a sub-heading 'Committed to nourishing people'. Below this is a paragraph about Cargill's commitment to operating responsibly. There are six image tiles: 'Food security', 'Responsible supply chains', 'Environment', 'Food safety', 'Community engagement', and 'Workplace'. At the bottom, there are three sections: '2013 Corporate Responsibility Report', 'Partnerships', and 'Reports & Learn more to corporate Reports ar'.

<https://um.qualtrics.com/ControlPanel/Action/GetSurveyPrintPreview&T=2C1PAC> 7/12

5/8/2014 Qualtrics Survey Software

Did you learn anything new from skimming this page?

☐ Yes
☐ No

After skimming their corporate responsibility page, what is your opinion about **Cargill**?

Dislike Extremely Dislike Very Much Neither Like nor Dislike Like Very Much Like Extremely

Brand 3: IBM

Do you currently, or have you ever worked directly for or with **IBM**?

☐ Yes
☐ No

In regard to **IBM**, how familiar are you with:

	Know Nothing	Very Little	Somewhat Familiar	Very Familiar
The Company Overall	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Products and Services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Financial Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Community Involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its Environmental Efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<https://um.qualtrics.com/ControlPanel/Action/GetSurveyPrintPreview&T=2C1PAC> 8/12

5/8/2014 Qualtrics Survey Software

What is your opinion of IBM?

Dislike Extremely Dislike Very Much Neither Like nor Dislike Like Very Much Like Extremely

Now quickly view this print ad for IBM:

Credit: <http://www.advertolog.com/ibm/print-outdoor/smarter-planet-arrows-13982705/> (2014)



Did you learn anything new from skimming this page?

- ☐ Yes
- ☐ No

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

912

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

1012

5/8/2014 Qualtrics Survey Software

After viewing this print ad, what is your opinion about IBM?

Dislike Extremely Dislike Very Much Neither Like nor Dislike Like Very Much Like Extremely

PART 3: DEMOGRAPHICS - You're almost done!

Select your gender:

- ☐ Male
- ☐ Female
- ☐ Trans-gender
- ☐ Prefer not to disclose

Select your age:

- ☐ 18-29
- ☐ 30-49
- ☐ 50-69
- ☐ 70+

Please specify your ethnicity:

- ☐ Asian/Pacific Islander
- ☐ Black/African American
- ☐ Hispanic/Latino
- ☐ Native American/American Indian
- ☐ White
- ☐ Other

What is the highest level of education you have completed?

- ☐ Badass High School
- ☐ High School or GED
- ☐ Some College
- ☐ 2-year College Degree
- ☐ 4-year College Degree
- ☐ Masters Degree
- ☐ Doctoral Degree
- ☐ Professional Degree (JD, MD)

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

11/12

5/8/2014 Qualtrics Survey Software

What is your current annual income range:

☐ Less than \$25,000

☐ \$25,000-\$49,999

☐ \$50,000-\$74,999

☐ \$75,000-99,999

☐ \$100,000+

With which geographic region do you identify?

- ☐ Northeast
- ☐ Southeast
- ☐ Midwest
- ☐ South
- ☐ Northwest
- ☐ Southwest

YOU'RE DONE!

Thank you for taking the time to complete my Capstone Survey!

Survey Powered By Qualtrics

<https://um.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2C1PAC>

12/12

Exhibit 6: Survey 1 Follow-Up PDF

Source: Qualtrics, LLC

6/4/2014Qualtrics Survey Software

Brand 2

Brand 3

The three B2B brands featured were:

Ecolab

Cargill

IBM

What, if anything, do you remember about what these brands were trying to communicate?

What is your current opinion about the following brand?

	Dislike Extremely	Dislike	Neither like nor dislike	Like	Like Extremely
Ecolab	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Why did you choose that answer for **Ecolab**?

What is your current opinion about the following brand?

	Dislike Extremely	Dislike	Neither like nor dislike	Like	Like Extremely
Cargill	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Why did you choose that answer for **Cargill**?

What is your current opinion about the following brand?

	Dislike Extremely	Dislike	Neither like nor dislike	Like	Like Extremely
IBM	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Why did you choose that answer for **IBM**?

6/4/2014Qualtrics Survey Software

Thank you for participating in my **Capstone Follow-up Survey**.

This survey is a follow up to my capstone survey dispersed a few weeks ago, and it aims to discover the information and opinions of you have retained from my original survey.

Your results are anonymous. This survey should take under 5 minutes to complete.

Thank you!

What is your age?

What is your gender?

☐ Male

☐ Female

The original survey featured a short corporate communication from three (3) business-to-business brands. Can you recall which brands they were?

Please enter to the best of your knowledge. If they do not come to mind within a few seconds, please leave the field blank.

Brand 1

Exhibit 7: Survey Results**Ecolab Results:**

Brand Opinion:		Pre-Comm	%	Immediate	%	Growth	Follow Up	%	Growth
Average:		3.15		3.58		12.1%	3.45		8.7%
Rating:	5	2		3			1		
	4	6	11.9%	33	53.7%	41.8%	7	40.0%	28.1%
	3	59	88.1%	31	46.3%	-41.8%	12	60.0%	-28.1%
	2	0	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
	1	0		0			0		
		67	100%	67	100%	0%	20	100%	0%

Overall Knowledge:			%	Learn Something			%	Retain Information			%
Rating:	4	3	4.5%	Yes	55	82.1%		Yes	8	40.0%	
	3	16	23.9%	No	12	17.9%		No	12	60.0%	
	2	25	37.3%								
	1	23	34.3%								
			67	100%	67	100%		20	100%		

Cargill Results:

Brand Opinion:		Pre-Comm	%	Immediate	%	Growth	Follow Up	%	Growth
Average:		3.09		3.42		9.6%	3.35		7.8%
Rating:	5	2		1			2		
	4	6	11.9%	29	44.8%	32.8%	5	35.0%	23.1%
	3	56	83.6%	35	52.2%	-31.3%	12	60.0%	-23.6%
	2	2	4.5%	1	3.0%	-1.5%	0	5.0%	0.5%
	1	1		1			1		
		67	100%	67	100%	0%	20	100%	0%

Overall Knowledge:			%	Learn Something			%	Retain Information			%
Rating:	4	3	4.5%	Yes	17	25.4%		Yes	9	45.0%	
	3	27	40.3%	No	50	74.6%		No	11	55.0%	
	2	27	40.3%								
	1	10	14.9%								
			67	100%	67	100%		20	100%		

IBM Results:

Brand Opinion:		Pre-Comm	%	Immediate	%	Growth	Follow Up	%	Growth
Average:		3.22		3.31		2.7%	3.4		5.2%
Rating:	5	1		2			1		
	4	14	22.4%	20	32.8%	10.4%	6	35.0%	12.6%
	3	51	76.1%	43	64.2%	-11.9%	13	65.0%	-11.1%
	2	1	1.5%	1	3.0%	1.5%	0	0.0%	-1.5%
	1	0		1			0		
		67	100%	67	100%	0%	20	100%	0%

Overall Knowledge:			%	Learn Something			%	Retain Information			%
Rating:	4	10	14.9%	Yes	22	32.8%		Yes	3	15.0%	
	3	40	59.7%	No	45	67.2%		No	17	85.0%	
	2	15	22.4%								
	1	2	3.0%								
			67	100%	67	100%		20	100%		

Appendix D: Interview Transcripts

Exhibit 8: Bullert Interview, 2014

Steve Bullert, CFP

First Resource Group, LLC

Location: New Brighton, MN

Method: In-person

Date: 05/23/2014

Duration: 40 minutes

How do you value stocks for B2B businesses that do not provide products/services to the end-consumer?

When you think about what a stock's value is, it is really a claim on future earnings. Anything that benefits the stock going forward is something that will be positive. A lot of people just look at what a stock has done historically – what it did last year, two years ago, but that doesn't do you any good if you're buying today from this point going forward.

The more revenue, earnings, and net income a stock can produce are what add the value to the stock. A lot of stock prices are driven in the short run by emotions, so if there's a general feeling of positivity, that will help their stock price. Eventually over a period of time, the fundamentals of a company weigh out what the true value is. A good analogy: "in the short run, a stock is like a voting machine, in the long run it is like a weighing machine." Whatever can be done to add value to the company in the long run will have the greatest effect on the stock price over time.

How does a company's goodwill play into the value of their stock?

Anytime a company can derive revenue from something that is not a material or widget, then there is a higher premium placed on goodwill; otherwise how else would a company such as LinkedIn, Facebook, etc. provide value? In that regard you are buying more on trust than anything else – which brings up the question of: What's the barrier of entry to other companies that provide similar services? There are a lot of companies that were at the top of their position 10 years ago that aren't even around anymore.

How much does the perception of eco-friendliness play into a company's stock value?

We run into clients that want companies that are sustainable, high environmental and social governance (ESG). It's not everyone that we run across, but we're certainly finding a subset of clients that has a strong appetite for this category. Anything that companies can do to enhance that reputation would increase that stock value in those client's eyes. Ultimately, it's going to come down to your earnings over a long period of time – how much are you actually paying for every \$USD 1.00 of earnings – what's your price-per-earnings ratio, but if you have a strong conviction that a company is going to be worth more down the road than it is today, then price-per-earnings becomes less material because you're buying what's perceived to be growth, and a lot of perceived growth is goodwill.

As we shift to an e-commerce, online community, it's harder to assign value to an online-based company, but those kinds of companies aren't going away, so you have to create a perceived value built on goodwill and trust of the management team of those companies. How much faith do you have in the management teams of these companies – do you think they will be able to continue to see and exploit trends and generate growth, increasing revenue over time?

If you were the CEO of a B2B company, what would you communicate to investors to instill that trust and build that trust in order to increase the value of your stock price?

I would highlight that you are environmentally friendly, that you're a good corporate citizen and that you've got policies in place that would be non-discriminatory, and that your management team has the ability to continually look at the landscape and identify trends.

Stock can be driven down so easily by social media today, too, so you have to make sure that you're not doing anything that could put you in a bad spot, because one little misstep can have a huge impact overnight. You still have to make sure that you don't have one corporate activity or event that blows everything up.

Where do you get your information from as a CFP?

I subscribe to 2-3 newsletters from stock analysts that dig into the stock on a regular basis. They are not meeting with clients, rather looking at fundamentals of companies and doing their analysis purely based on valuing companies, rather than thinking about what's good for clients.

Communication is evolving and lots of it is generationally driven. I used to read hardcopies, but younger analysts purely get their information online. Today that puts a premium on companies that provide online services.

Anything else to add?

Humans are a very emotional species, and we base a lot of our decisions on those emotions, then we use the logic to justify that later on. Anything that you can do to increase your company image is going to help not only the company image but sales as well.

As a company you have to have a clear purpose for your communications strategy. Why are you doing what you're doing? One company that I always come back to is BASF, which makes components for certain products. None of their stuff would be something you would buy directly, but their tagline was something along the lines of, "We don't make life better but we produce the things that do." They were ahead of their time in advertising to the end-consumer. They were doing it for the purpose of building brand recognition for the company, not what they were trying to sell to a retailer. So is there a benefit to building non-quantitative goodwill? There is, but you'll have a hard time measuring the impact. The question is how much energy and time and money do you put into it? You can make arguments for or against, but having a positive image within an industry is always a good thing – so how much of your resources are you going to put into it.

It's hard to measure those intangibles, but if you want to be a long-term player, the more recognition you have the easier it will be to keep yourself toward the top of your industry. It's not going to show up in the next quarter, financially, and that's the challenge – especially for public companies because they are measured on a short-term basis. I can see them not wanting to do something like that because I can see how it's not going to benefit their next quarterly earnings statement, which is what a lot of Wall St. analysts are looking for. It really takes some vision to devote some resources to activities that have a positive benefit, but probably won't show up in the near-term. It is the mark of a good management team to be able to set short-term earnings aside, knowing that you're a good enough company to still have some decent earnings even though you're spending money on something that is going to provide long-term value.

Exhibit 9: Kleinfeld Interview, 2014

Joel Kleinfeld, President

MJC Corp.

Location: San Francisco, CA

Method: Phone

Date: 06/02/2014

Duration: 20 minutes

What B2C activities does the company participate in (social media, advertising, etc.)?

We don't currently do any advertising. We are on Facebook and a couple other social media sites that we use to link to our retail partners. That way if consumers see our product, they can find out whom we partner with and where to buy our products.

Why did you decide to hire a full-time social media expert, what value will that bring to your company?

The main reason is that brick and mortar sales are becoming tougher. People have less time to shop and are now going online to make most of their purchases – that's why Amazon is so successful. In order to be successful in the future, we need to compete in that space, so we decided to tool up and make a push to get our name out there in two phases:

Firstly, as a licensee, we need to get more information about our brands and products online and in front of consumers. This is where our social media expert comes in. The second phase would be to build an outlet online to sell our product directly to consumers. Selling direct would obviously give us higher margins, and it would give us a real presence online as brick and mortar sales decline.

How did you convince the ownership group to make the investment in a full-time social media expert?

As in most businesses, the ownership group understands that [end-consumer communication] is important, but they view it as secondary to our business needs. We needed to change their mindset to put it on the top of their list. We did this by explaining that we need to be proactive and get in front of these generational trends if we want to stay in business. There is still resistance because online sales only make up a small percentage of business, but those numbers are growing as brick and mortar sales continue to decline. As this transition to online shopping grows, we can't be left chasing the car, so to speak – we need to be on the forefront, pushing the envelope.

How much do you invest in B2C communication each year (can be % of revenues)? Are you planning on increasing your spending in the future?

Very small – maybe 1% to total sales. Hopefully we can show positive feedback by Phase 1. If Phase 1 is successful, then we will invest in Phase 2, building the infrastructure to sell direct to consumers, attacking online retailers.

Exhibit 10: Siegel+Gale Study; recommended by Chris Schermer

Chris Schermer, President
Schermer

Location: Minneapolis, MN
Method: Email
Date: 05/25/14
Duration: N/A*

Siegel+Gale Study:

According to global strategic branding firm, **Siegle+Gale**, “most business-to-business companies (B2Bs) appreciate the direct link between brand perception and financial performance. But many still debate the need to speak to consumers, choosing instead to focus primarily on business decision-makers” (Siegel+Gale, 2014, p. 3). In an attempt to shed “definitive light” on the value of consumer connections in B2B companies, Siegel+Gale conducted **B2BNow**, a global research study of 67 B2B-focused brands (Siegel+Gale, 2014, p. 3).

The **B2BNow Methodology** (Siegel+Gale, 2014, p. 6):

- Survey Sample
 - Close to 9,500 consumers
 - 450 business decision-makers
 - All 67 evaluated brands are from Fortune 500 companies
- Scoring: Study scored B2B brands based on two dimensions:
 - How familiar are consumers with the brands
 - How connected do consumers feel to the brands based on the attribute ratings

***Due to unavoidable conflicts, Chris Schermer was forced to cancel his interview. He recommended the Siegel+Gale B2BNow study as a valid information source.**